

# THE PROPOSED TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP AND ITS POTENTIAL IMPACT ON UTAH-BASED COMPANIES

Earl H. Fry

Professor of Political Science

Brigham Young University

and

Fulbright Bicentennial Chair in American Studies

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## Small and Medium-Sized Companies and Exporting

- In a world characterized by globalization, unprecedented technology change, and creative destruction, exporting will be critical to the economic viability of Utah-based small and medium-sized enterprises
- If your company is producing a globally competitive good or service, EXPORT
- 95.5% of all consumers and 80% of global GDP are located OUTSIDE THE UNITED STATES
- The United States is a major export under-achiever, exporting about the same as Germany, a nation with little more than one-quarter of the U.S. population
- However, conditions are improving for U.S.-based manufacturers—energy and unit labor costs are becoming more competitive

# Exporting Options

- If I were a new exporter, I would start by exporting to the NAFTA countries
  - NAFTA provides clear rules of the game
  - Many similarities are to be found, especially in the Canadian market
  - In 2012, the U.S. exported more goods to Canada (\$292 billion), with its 35 million people, than to the EU (\$265 billion)
  - Mexico is the fastest growing market among the NAFTA countries and millions of consumers have recently joined the middle class
- However, experienced exporters can easily be enticed by the EU
  - 500 million relatively affluent consumers
  - The largest integrated market in the world with \$16.6 trillion GDP in 2012
  - A common market arrangement allowing open access to 27 countries
  - The major crossroads for global trade
  - Huge FDI flows already exist between U.S. and EU
  - My experience in Finland—Finns are from Lake Wobegon—all above average

## My Concerns

- “Trans-Atlantic drift” scenario—while the “West” grows at a tepid pace, Asia could, using a straight-line trajectory, account for over half of the global population, GDP, exports, and direct investment by mid-century—“go west, young man or woman, to Asia”
- EU economic growth rate is very low while social-protection costs are increasing
- Demographic challenges on the horizon
- Eurozone uncertainty with growing cleavages between the north and the south
- Danger of distorting trade activity globally through currency wars and other non-tariff obstacles

## My Aspirations

- Lament for America vs Renaissance America vision
- America has many strengths, including resiliency and adaptation
- Utah companies can be very competitive at home and abroad (see map on next page)—Utah produces more each year than 9 nations within the EU
- EU a “natural partner” in a variety of areas, especially if a solid TTIP can be put in effect—democratic, market-oriented, respect for rule of law, consumer driven, well educated and well trained, many NATO members
- Much can be done on a trans-Atlantic basis linked to trade, direct investment, tourism, regional and global supply chains, digital manufacturing, joint R&D and licensing arrangements, etc.
- The 3 NAFTA partners, with a combined population of 460 million consumers and the world’s largest regional GDP of \$18.8 trillion in 2012, can form a formidable commercial partnership with the EU’s 500 million people and \$16.6 trillion regional GDP

## If U.S. States Were Nations 2011

